

S/025/025



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

January 17, 2006

CERTIFIED MAIL
7003 2260 0002 0247 7792

Loy Crapo
The Bug House
350 East 500 South
Box 1113
Delta Utah, 8462

Subject: Reconsideration of Findings of Fact, Conclusions, Order and Finalized Re-Assessment for MC-2005-02-03 (1), ML 27618, S/025/025, The Bug House, Kane County, Utah

Dear Mr. Crapo:

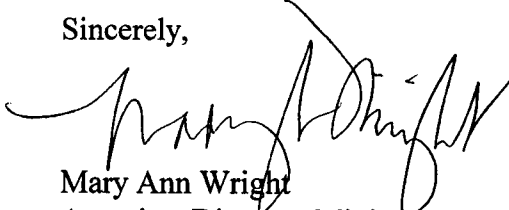
On November 17, 2005, an Informal Conference was held to review the fact of violation and proposed assessment for state violation MC- 2005-002-03 (1). As a result of a review of all pertinent data and facts, including those presented in the Informal Hearing and Assessment Conference, documents of the findings of fact, conclusions, order, and finalized assessment were sent to you on December 20, 2005.

On January 9, 2006, you contacted me by phone and expressed your disappointment in the assessment conference process. You also stated that you have known Mike Styler for 40 years and that you would be getting in touch with him to express your thoughts. I responded that I would look to see if your assessment was in line with other five-acre mine transgressions. It appears that it is within line with others given variable circumstances for each case. However, I have reassessed penalty points given that the fine may be high for artisan miners such as you. This brings your total to 25 penalty points, which carries a fine of \$550.00.

You are welcome at any time to contact Mr. Styler and make your concerns known but legally, your next appeal is to the Board of Oil, Gas and Mining. Within fifteen (15) days of your receipt of this letter, you or your agent may make a written appeal to the Board of Oil, Gas and Mining. To do so, you must escrow the assessed civil penalties with the Division within thirty (30) days of receipt of this letter, but in all cases prior to the Board Hearing. Failure to comply with this requirement will result in a waiver of your right of further recourse.

If no timely appeal is made, this assessed civil penalty must be tendered within thirty (30) days of your receipt of this letter. Please remit payment to the Division of Oil, Gas and Mining, mail c/o Vickie Southwick at the address listed above.

Sincerely,

A handwritten signature in black ink, appearing to read "Mary Ann Wright", is written over the typed name and title.

Mary Ann Wright
Associate Director, Mining
Assessment Conference Officer

Vs

Enclosures

P:\GROUPS\MINERALS\WP\M025-Kane\S0250025-ML27618\final\ReAssessment conference ltr.doc

BEFORE THE DIVISION OF OIL, GAS AND MINING
MINERALS REGULATORY PROGRAM
DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH

---ooOoo---

IN THE MATTER OF THE	:	INFORMAL CONFERENCE
ML27618, The Bug House, Kane	:	For MC-2005-02-03 (1)
COUNTY, UTAH	:	FINDINGS, CONCLUSIONS
	:	AND ORDER
	:	CAUSE NO. S/025/025

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On November 17, 2005, the Division of Oil, Gas and Mining ("Division") held an informal conference concerning the Fact of Violation and the Assessment for Cessation Order, MC-2005-02-03 (1) issued to the ML 27618, the Bug House, Kane County, Utah. The following individuals attended: Loy Crapo for the Bug House; and Doug Jensen and Daron Haddock for the Division.

Presiding: Mary Ann Wright
Associate Director, Mining
Division of Oil, Gas and Mining

Petitioner: Loy Crapo
350 East 500 South
Box 1113
Delta, UT 84624

The Findings, Conclusions, and Order in this matter are based on information provided by the Petitioner and the Division in connection with this informal conference, and on information in the files of the Division.

FACTS PRESENTED: Fact of the Violation or Cessation Order

1. By letter dated October 31, 2005, Mr. Loy Crapo requested an informal conference to discuss the fact of violation for Minerals Program Cessation Order MC-2005-02-03 (1).

Notice of the informal conference was properly given.

2. Pursuant to Utah Code Ann. Section 40-8- 9 and Utah Administrative Rule R647-6-102, an informal conference in the matter was held on November 17, 2005. At the informal conference, the Petitioner presented the following information to the Conference Officer.
3. Mr. Loy Crapo stated that the Cessation Order was issued on 9/6/05 for mining outside of the permitted 5-acre area. He also stated that only 2.16 acres were actively being mined. An area approximately 3.06 acres was reclaimed 3 to 4 years ago. Mr. Crapo believed that the state would consider the reclaimed area as released. He assumed that, similar to his experience with the BLM, the areas would be inspected and released automatically. Mr. Crapo said he did not realize that he had to request release of the area.
4. No pictures of the reclaimed areas were shown, although the division acknowledged that some seeding of areas has worked. These areas need to be evaluated and inspected for release from the bond.
5. Doug Jensen and Daron Haddock of the Division asserted that the permit was for 5 acres and 6.82 acres were disturbed.

CONCLUSIONS

- Mining of septarian nodules occurred outside of the permitted 5-acre area. The Fact of the Violation (CO) should stand.

ORDER

NOW THEREFORE, it is ordered that:

- The fact of the violation (CO) stands.

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FACTS PRESENTED: Assessment of the Violation or Cessation Order

1. By letter dated October 31, 2005, Mr. Loy Crapo requested an informal conference to discuss the assessment for Minerals Program Cessation Order MC-2005-02-03 (1).
2. Notice of the informal conference was properly given.
3. Pursuant to Utah Code Ann. Section 40-8- 9 and Utah Administrative Rule R647-6-102,

an informal assessment conference in the matter was held on November 17, 2005. At the informal conference, the Petitioner presented the following information to the Conference Officer.

4. The petitioner stated that while he may have been "over", he believes he was "close". He also stated that he has a lack of knowledge of determining accurate acreages and that GPS data is so very accurate. He believes that he has made the effort and has now reclaimed all that he can.
5. The petitioner stated that someone should have told him that he had to request release of the reclaimed areas. Within 15 days of receiving the CO he had graded the west side and within 2 months he had regraded the east side in order to get under the 5 acres.

CONCLUSIONS

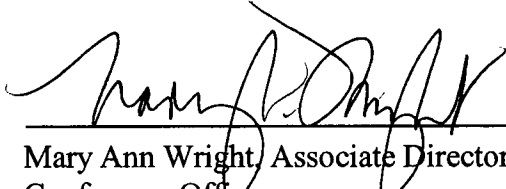
- Facts were presented which were taken into consideration of a reassessment of this cessation order. This was normal compliance of a somewhat difficult abatement.

ORDERS

NOW THEREFORE, it is ordered that:

- Good Faith Points of -8 are awarded. Seriousness points re-assigned at 25 points.
- The division should complete termination of the cessation order, effective, 2005.
- The Petitioner must post a bond in an expedient manner for the areas which are being actively being mined.
- A fine of \$550.00 is assessed and payable 30 days from receipt of this reassessment.

SO DETERMINED AND RE-ORDERED this 17th day of January 2006



Mary Ann Wright, Associate Director, Mining
Conference Officer
Division of Oil, Gas and Mining
State of Utah

UTAH DIVISION OF OIL, GAS AND MINING
WORKSHEET FOR FINAL RE-ASSESSMENT OF PENALTIES

COMPANY: The Bug House
PERMIT: S/025/025
VIOLATION: MC-2005-02-03 (1)

ASSESSMENT CONFERENCE OFFICER: Mary Ann Wright

	Proposed Assessment	Final Assessment
(1) History/Previous Violations	<u>0</u>	<u>0</u>
(2) Seriousness	<u>28</u>	<u>25</u>
(3) Negligence	<u>8</u>	<u>8</u>
(4) Good Faith	<u>0</u>	<u>-8</u>
Total Points	<u>36</u>	<u>25</u>

TOTAL ASSESSED FINE \$ 550.00

NARRATIVE: Mining outside of the 5-acre permit area. Somewhat difficult abatement, normal compliance.

(Brief explanation for any changes made in assignment of points and any additional information that was available after the proposed assessment.)